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Caribbean Basin HRI Food Service Sector Report St. Lucia 2003

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Report Highlights:

St. Lucia imported approximately \$80 million in total food products with 35 percent destined for the food service sector. An estimated 40 percent of these food products sold in the island come from the United States.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Miami [C11], C1

I. MARKET STRUCTURE

Country Snapshot

St. Lucia, the second largest of the Windward Islands, is located in the middle of the Eastern Caribbean. It is approximately 1,300 miles southeast of Florida, just over 20 miles south of the French island of Martinique and a similar distance from St. Vincent and the Grenadines. St. Lucia is 616 sq km, with a combination of high mountains, rain forests, lowlands, and beaches. The capital city of Castries is located in the Northwestern part of the island. The population of St. Lucia is approximately 150,000 (60,000 of which live in Castries) with a GDP per capita of \$4,400 (2001 estimate).

Market Overview

Agriculture, primarily banana farming, had traditionally been St. Lucia's principal source of livelihood. However, changes in the EU import preferences and increased competition from the Latin American markets forced the island to diversify its economy. The government of St. Lucia began creating incentives to push the tourism and offshore banking sectors. Today, agriculture represents only 7.9 percent of GDP while the services and industry sectors represent 72.5 percent and 19.6 percent, respectively. Tourism is probably the single largest contributor to economic activity in St. Lucia. Tourism also offers numerous opportunities for improvements and developments in the areas of agriculture, manufacturing and services.

Because of constraints and limitations with local production, St. Lucia imports the majority of its food needs. St. Lucia's total food imports exceed an estimate of US \$80 million annually. The food retail sector accounts for 65 percent of total food imports; the remaining 35 percent is channeled into the food service sector. An estimated 40 percent of the food products sold in the island come from the United States; approximately 25 percent of food products sold come from other Caribbean islands and about 10 percent from the United Kingdom. Staples such as fresh fruits, poultry, processed fruits and vegetables, fresh vegetables and red meats account for the largest percentage of sales.

Table 1. U.S. Market Share of Food Products Exported to St. Lucia	
Agricultural Products	Percentage Share %
Fresh Fruit	98
Poultry Meat	74
Processed Fruits and Vegetables	67
Fresh Vegetables	67
Red Meats, Fresh/Chilled/Frozen	61
Source: UN Trade Data 2001	

Tourism and the HRI sector

St. Lucia is loaded with characteristics and resources advantageous to the development of tourism: a tropical climate, friendly people, beautiful scenery, white sand beaches, close proximity to the major travel markets of Europe and North America and political and social stability. All of these factors aid in the positive development of tourism. Moreover, both the government and the citizens of St. Lucia have embraced the benefits a successful tourist industry can provide to a small country like St. Lucia. There is an average of 12,000 citizens employed in the tourism industry with visitor expenditures exceeding an estimate of US \$250 million .

St. Lucia's tourist season runs from November to April. The main tourist areas in St. Lucia are located to the north in Gros Islet and in Soufriere to the west of the island. U.S. tourists account for the largest percentage of visitors with an estimated 33 percent, followed by the U.K. with 24 percent and the Caribbean with 22 percent. Some hotels and smaller lodging facilities tend to exclusively cater to North American and European tourists. The occurrence of direct and frequent flights from Europe aids in the increased visits of English and French tourists. Many of St. Lucia's tourists arrive from the Caribbean, Europe and North America to participate in the popular St. Lucia Jazz Festival.

2001 Tourist Arrivals by Country of Origin (Air)	
United States	91,248
U.K.	66,496
Caribbean	61,047
French West Indies	22,671
Canada	12,254
France	5,091
Germany	4,818
Other Europe	3,729
South America	1,214
Italy	760
Austria	539
Switzerland	715
Other Countries	22,214

As well, the cruise ship industry significantly contributes to the expansion of the tourist economy. With an estimated 378 cruise ship calls a year, cruise ship passengers account for an estimated 60 percent of total tourist arrivals (428,772 in 2001). Although cruise passengers tend to spend a short amount of time and money in the island, statistics have demonstrated that cruise ship passengers visiting St. Lucia are extremely likely to return to the destination for a longer vacation, a factor that in the long run aids the tourism industry.

Since the majority of cruise ship passengers are likely to be from the United States, the market for U.S. products has the opportunity to continue expanding as these tourists return to St. Lucia for longer visits.

According to U.N. Trade Data

- In 2002 St. Lucia imported \$31.3 million in food products from the United States.

Retail Profile

Advantages	Challenges
St. Lucia imports most of its food needs.	The Government of Saint Lucia has imposed import requirements in order to protect local production of pork and poultry.
U.S. products and brand names are known throughout the island for their quality and competitive prices.	New labeling requirements (scheduled to be enforced in January 2003) might require certain products to be relabeled.
The United States supplies approximately 40 percent of all food products.	Free Trade Agreement with CARICOM countries has increased trade from the Caribbean to Saint Lucia. Competition also continues from traditional European markets.
The strong number of U.S. tourists from cruise ships could lead to a larger market for U.S. products in St. Lucia.	Food imports are very dependent on tourism. When U.S. tourist arrivals decline, so do imports of U.S. foods.

** The strong number of U.S. tourists from cruises should lead to a larger market for U.S. products.

II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy:

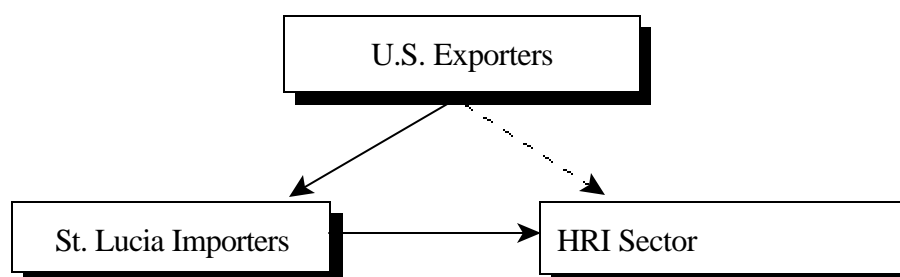
Hotels and restaurants look for consistency in price and good quality when making their food purchasing decisions. The HRI sector sources its food products from the island's importers who typically also act as wholesalers and distributors. Importers tend to supply both the retail and the HRI sectors, while a few exclusively do business with the HRI sector.

For a U.S. exporter to introduce products into the market, it is best if they first contact one of the local importers. Importers tend to represent popular American brands and generally have a good working relationship with F&B (food and beverage) managers and local chefs. Most importers prefer receiving product catalogues with pricing and samples. Some importers prefer one-on-one meetings with product representatives. Importers primarily visit the National Restaurant Association (NRA) show in Chicago and the America's Food and Beverage (AF&B) show in Miami (AFB).

If they choose to do so, U.S. exporters can also contact the F&B managers and restaurant chefs directly; they suggest it is important that they provide samples and pricing information on smaller shipments, credit, as well as sales and marketing support. If interested in the product, chefs and F&B managers will then refer U.S. suppliers to the local importers.

B. Market Structure

Flow Chart:



Importers are able to supply the Saint Lucia HRI sector with a wide range of food products. They have set distribution chains, which permit them to deliver their food products on a daily or weekly basis throughout the island.

The HRI sector will also purchase local products, such as some of their fresh fruits and vegetables. Seafood is also purchased locally from St. Lucian fisheries. However, St. Lucian fisheries import some of the seafood they sell locally.

C. Sub Sector Profiles

1. Hotels and Resorts

St. Lucia offers a variety of options, with over 4,428 rooms for tourist accommodations. Some of the choices include all inclusive hotels, fancy resorts, plantation inns, guesthouses, and apartment villas. Prices range from \$99 to more than \$1,000 a night depending on the season. The majority of hotels and resorts (including the all inclusive) source most of their food products from the local importers and wholesalers.

The ten hotels listed below are all inclusive and account for nearly 50% of the total rooms in the island. These hotels provide their guests with several dining options, most of them have two or three restaurants on property as well as a small mini mart or convenience store. The remaining lodging facilities in St. Lucia, although small, are exclusive hotels and inns. They also offer exclusive packages targeting the American and European tourists.

Table 2. Top Ten Largest Hotels and Resorts

Name	Location	Number of Rooms
Club St. Lucia	Cap Estate	372
Sandals St. Lucia	La Toc	328
Windjammer Landing	Castries	242

Wyndham M. Bay	Gros Islet	240
Sandals Halcyon	Choc Bay	170
Le Sport	Cap Estate	155
Papillon	Rodney Bay	140
Rex St. Lucian	Rodney Bay	120
Jalousie Hilton Resort and Spa	Soufriere	112
Rendezvous	Malabar Beach	100

2. Restaurants

St. Lucia offers a large variety of excellent cuisine, from sophisticated to casual dining restaurants, offering the best of international and local cuisine. Both tourists and locals find a wide range of dining options throughout the island. There are plenty of specialty restaurants such as French, Italian, pizzerias, and steakhouses. Restaurants are located throughout the island in hotels, shopping malls, and remote locations. Many restaurants are found in the Rodney Bay area, popularly acquiring the name of "Restaurant Row."

U.S. fast food chains continue to increase their presence in the island. Kentucky Fried Chicken and Domino's Pizza have several outlets throughout the island. They are mostly popular with the locals since the majority of hotels are all inclusive. Increases of females in the workforce has aided in the popularity of eating out in St. Lucia. Upper and middle class families will often enjoy dining in one of the local restaurants in St. Lucia.

Name	Number of Outlets	Location	Purchasing Agent
Kentucky Fried Chicken	6	Throughout St. Lucia	U.S. Agent/Importers Distributors
Domino's Pizza	2	Rodney Bay, Castries	U.S. Agent/Importers Distributors

3. Institutions

The Government of Saint Lucia is in charge of awarding contracts for food purchases of hospitals and prisons in Saint Lucia. They purchase their food products from the local importers and distributors. They award contracts to importers or distributors offering the best price. Quality is generally not an issue of concern in this case.

School cafeterias or canteen as they are locally known are independently owned throughout the island. Canteen owners receive **government funding but are** ultimately in charge of purchasing decisions. They have good relations with the importers and wholesalers and these in turn understand payment constraints providing them credit for their food purchases.

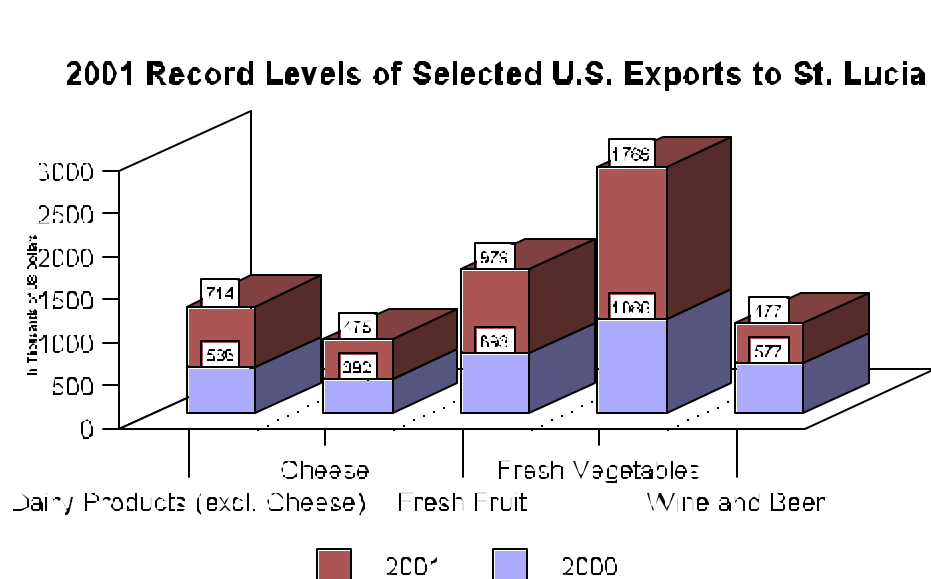
III. COMPETITION

The United States accounts for 40 percent share of St. Lucia's food imports. Competition for U.S. products is mainly in the areas of non-alcoholic beverages, lamb, poultry (specifically chicken wings) dairy products, and seafood.

The following countries compete with the United States in the product categories listed below:

Alcoholic Beverages:	UK
Non-Alcoholic Beverages:	UK, Caribbean, Australia, Chile, and France
Dairy Products:	Europe, Peru
Beef:	Australia, New Zealand, Argentina, Brazil
Lamb:	U.K.
Poultry and Eggs:	U.K. (chicken wings), France (duck), St. Lucia
Pork:	St. Lucia
Dry Goods:	UK
Fresh Produce:	St. Lucia
High End Specialty Foods:	Europe, UK

IV. BEST PROSPECTS



A. Products present in the market which have a good sales potential:

Market opportunities exist for a wide array of products

- Poultry
- Wine and Beer
- Pulses
- Processed Fruits and Vegetables
- Fruit and Vegetable Juices
- Breakfast Cereals
- Red Meats
- Dairy Products (including cheese)
- Seafood

B. Products not present in significant quantities but which have a good sales potential

- Low Fat/Health Foods

C. Products not present because they face significant barriers

- Government initiatives to protect the country's poultry and pork agricultural production place restrictions on the quantity of products an importer may purchase from abroad. However, local suppliers are not consistently able to meet the demands of the retail and food service sectors, which, in turn, allows importers to purchase these products from abroad.

V. CONTACT INFORMATION

A. For more information on St. Lucia, including key contacts, and other Caribbean islands please contact:

- 1. Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture
909 SE 1st Avenue, Suite 720**

Miami, Florida 33131
Phone: (305) 536-5300
Fax: (305) 536-7577
Email: cbato@cbato.net

Margie Bauer, Director
Email: cbato@cbato.net
Omar Gonzalez, Deputy Director
Email: omar@cbato.net
Grace Juelle, Administrative Assistant
Email: grace@cbato.net

2. **Please visit our website for more reports on St. Lucia and other Caribbean islands.**

<http://www.cbato.fas.usda.gov>

3. **Basic country information may be found in the Central Intelligence Agency's World Fact book under Saint Lucia.**

<http://www.odco.gov/cia/publication/factbook>

B. Additional Sources of Information on St. Lucia:

Saint Lucia Tourist Board
820 2nd Avenue, 9th Floor
New York, NY 10017
Tel. (212) 867 - 2950
Fax (212) 867 - 2795

Consulate General of Saint Lucia
1101 Brickell Avenue
North Tower, Suite 1602
Miami, Florida 33131
Tel. (305) 523 - 6380
Fax (305) 532-6383
Email consulate@stluciagc.com

Ministry of Agriculture, Forestry and Fisheries
5th Floor Stanislaus Building
Waterfront, Castries, Saint Lucia
Tel. (758) 452- 2526
Fax (758) 453-6314
Email: adminag@candw.lc

**Saint Lucia Bureau of Standards
Heraldine Rock Building, 4th Floor
John Compton Highway, CP 5412
Castries, Saint Lucia
Tel. (758) 453-0049
Fax (758) 452-3561
Website: <http://www.slbs.org.lc>**

Information Available on the World Wide Web

- **Official Website of the Department of Tourism**
www.stlucia.org
- **Official Website of the Government of Saint Lucia**
www.stlucia.gov.lc
- **Saint Lucia Department of Statistics**
www.stats.gov.lc